



DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission

[Docket No. PL20-3-000]

Actions Regarding the Commission's Policy on Price Index Formation and Transparency, and Indices Referenced in Natural Gas and Electric Tariffs

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of policy statement.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is revising its price index policy set forth in its *Policy Statement on Natural Gas and Electric Price Indices (Initial Policy Statement)* to encourage more market participants to report their transactions to price index developers, to provide greater transparency into the natural gas price formation process, and to increase confidence in the accuracy and reliability of wholesale natural gas prices. First, the Commission is revising the price index policy to allow market participants that report transaction data to price index developers (data providers) to report either their non-index based next-day transactions, their non-index based next-month transactions, or both, to price index developers. In addition, the Commission is revising the price index policy to encourage data providers to report transactions to as many Commission-approved price index developers as possible, and to allow data providers to self-audit on a biennial basis. The Commission is also modifying its standards to state that price index developers should indicate whether a published index price is calculated using market information other than the trades at the index's specified location, or a market assessment, in their published price indices and data distributions. Moreover, the Commission is modifying its standards so that each approved price index developer should seek re-approval from the Commission every seven years to demonstrate that it fully or substantially meets the standards set forth in

the *Initial Policy Statement*. Beginning six months after the effective date of this Revised Policy Statement, interstate natural gas pipelines and public utilities proposing to use price indices in jurisdictional tariffs will no longer be entitled to the rebuttable presumption that a price index developer's price indices produce just and reasonable rates unless the price index developer has obtained approval or re-approval from the Commission within the last seven years. Finally, the Commission is modifying the review period for assessing the liquidity of natural gas price indices submitted for reference in Commission-jurisdictional tariffs to 180 continuous days out of the most recent 365 days. This will help to ensure that price indices referenced in Commission-jurisdictional tariffs are sufficiently liquid.

DATES: This Policy Statement becomes applicable on December 31, 2022.

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SUPPLEMENTARY INFORMATION:

1. On December 17, 2020, the Commission issued a proposed revised policy statement on natural gas and electric indices,¹ proposing revisions to the price index policy set forth in the *Policy Statement on Natural Gas and Electric Price Indices*² to encourage more market participants to report their transactions to price index developers³ and to provide greater transparency into the natural gas price formation process. The Commission indicated that the changes would increase confidence in the accuracy and reliability of wholesale natural gas prices. In this Revised Policy Statement, we adopt the proposals in the Proposed Revised Policy Statement.

2. First, we revise the price index policy standards for market participants that report data to price index developers (data providers) to allow them to report either their non-index based next-day transactions, their non-index based next-month transactions, or both, to price index developers. In addition, we encourage data providers to report to as many Commission-approved price index developers as possible. Further, we allow data providers to self-audit on a biennial basis.

3. We also modify the price index policy standards for price index developers to provide that they should indicate when they use a market assessment⁴ to calculate an

¹ *Actions Regarding the Comm'n's Pol'y on Price Index Formation & Transparency, & Indices Referenced in Nat. Gas & Elec. Tariffs*, 85 FR 83940 (Dec. 23, 2020) 173 FERC ¶ 61,237 (2020) (Proposed Revised Policy Statement).

² 104 FERC ¶ 61,121 (Initial Policy Statement), *clarified*, *Order on Clarification of Pol'y Statement on Nat. Gas and Elec. Price Indices*, 105 FERC ¶ 61,282 (2003) (2003 Clarification Order), *clarified*, *Order Further Clarifying Pol'y Statement on Nat. Gas & Elec. Price Indices*, 70 FR 41002 (July 15, 2005) 112 FERC ¶ 61,040 (2005) (2005 Clarification Order) (collectively, price index policy).

³ Price index developers include Argus Media (Argus), Natural Gas Intelligence (NGI), Natural Gas Week, and S&P Global Platts (Platts).

⁴ See Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 28. A price

index price. We also modify the standards so that each price index developer should seek approval or re-approval from the Commission every seven years that it meets or continues to meet the standards set forth in the Initial Policy Statement. Beginning six months after the effective date of this Revised Policy Statement, interstate natural gas pipelines and public utilities proposing to use price indices in jurisdictional tariffs will no longer be entitled to the rebuttable presumption that a price index developer's price indices produce just and reasonable rates unless the price index developer has obtained approval or re-approval from the Commission within the last seven years. Finally, we clarify the review period for assessing the liquidity of natural gas price indices submitted for reference in Commission-jurisdictional tariffs.

4. As noted in the Proposed Revised Policy Statement, natural gas price indices play a vital role in the energy industry, as they are used to price billions of dollars of natural gas and electricity transactions annually in both the physical and financial markets. A natural gas price index is a weighted average price derived from a set of fixed-price natural gas transactions⁵ within distinct geographical boundaries that market participants voluntarily report to a price index developer.

index developer is considered to use a "market assessment" when it uses "market information, other than the trades at the index's specified location, to determine the value of the index price."

⁵ The term "fixed-price natural gas transactions" refers to fixed-price next-day delivery, fixed-price next-month delivery, and physical basis transactions (for next-month delivery). These transaction types are defined in the FERC Form No. 552: Annual Report of Natural Gas Transactions (Form No. 552) instructions. The Form No. 552 requires market participants that annually buy or sell more than 2.2 trillion British Thermal Units (Btu) of physical natural gas to provide aggregated data related to their fixed-price, physical basis, New York Mercantile Exchange (NYMEX) Trigger agreements, NYMEX Plus transactions made in the next-day and next-month markets, and index-based transactions referencing the next-day and next-month markets.

5. Natural gas price indices serve as a proxy for the locational cost of natural gas in the daily and monthly markets and many market participants reference natural gas index prices in their physical and financial transactions. Interstate natural gas pipelines, public utilities, Regional Transmission Organizations (RTO), and Independent System Operators (ISO) reference natural gas price indices in their Commission-jurisdictional tariffs for various terms and conditions of service. State commissions also use natural gas price indices as benchmarks when reviewing the prudence of natural gas or electricity purchases. Finally, many natural gas financial derivative contracts that are used in hedging and speculation settle against natural gas price indices.

6. We find it is important to encourage robust transaction reporting to price index developers for transparent and reliable price index development. We find the revisions to the price index policy that we adopt here will help to encourage more market participants to report natural gas transactions to price index developers and increase the transparency of the natural gas price formation process.

7. The Commission's price index policy applies to both natural gas and electric price index developers and data providers. The Commission's price index policy will continue to apply to natural gas data providers and natural gas price index developers, except to the extent that this Revised Policy Statement revises the provisions in the Commission's price index policy as discussed below. The Commission's price index policy will continue to apply to electric data providers and electric price index developers as it always has.

8. We revise the Commission's price index policy and issue this Revised Policy Statement, with an effective date of December 31, 2022.

I. Background

A. Initial Policy Statement and Clarification Orders

9. On July 24, 2003, the Commission issued the Initial Policy Statement, in which it set forth the price index policy. Through that policy, the Commission “sought to strengthen confidence” in the natural gas and electricity markets “by encouraging comprehensive reporting of energy transactions to price index developers and by encouraging price index developers to provide useful information to the industry on the volumes of transactions and number of participants trading at various trading hubs.”⁶

10. Under the Initial Policy Statement, market participants can voluntarily report transactions to price index developers. For those market participants that choose to report to price index developers, i.e., data providers, the Initial Policy Statement set forth the following minimum standards for reporting transactions to price index developers:

(1) code of conduct – adopting and making public a code of conduct that employees will follow when buying and selling natural gas or reporting data to price index developers; (2) source of data – having trade data reported by a department of the company that is independent from and not responsible for natural gas trading; (3) data reported – reporting each bilateral transaction between non-affiliated companies which details the price, volume, whether it was a purchase or a sale, the delivery/receipt location, and whether it was a next-day or next-month transaction; (4) error resolution process – cooperating with the error resolution process adopted by the price index developer in a timely manner; and (5) data retention and review – establishing minimum time periods

⁶ Initial Policy Statement, 104 FERC ¶ 61,121 at P 11.

for retaining all relevant data related to reported trades.⁷ The Commission designed these standards to create a uniform process of transaction reporting that provides price index developers assurance that the data they receive from data providers is accurate and truthful. If the data provider can demonstrate that it has adopted and followed the standards for reporting set forth in the Commission's Initial Policy Statement, it will benefit from a rebuttable presumption that it has submitted its transactions accurately, timely, and in good faith (Safe Harbor Policy).⁸

11. Under the Initial Policy Statement, becoming a Commission-approved price index developer is also voluntary. In the Initial Policy Statement, the Commission set forth minimum standards for publishing price indices that, if met, establish a presumption that a price index developer's index at a defined location will result in just and reasonable charges. These standards for price index developers include: (1) a code of conduct and confidentiality – publicly disclosing how it will obtain, treat, and maintain price data, including how it calculates its indices while also entering into confidentiality agreements with its data providers; (2) completeness – publishing all available trade information for each hub including: total volume, the number of transactions, the high/low range of prices, and the weighted average price; (3) data verification, error correction, and monitoring – verifying its data by matching purchases with sales and contacting data providers over any discrepancies as well as publishing a notice of the corrected price if a reported price is significantly erroneous; (4) verifiability – participating in an independent audit or verification of its processes annually and making the results of that

⁷ *Id.* P 34.

⁸ *Id.* P 37.

audit public; and (5) accessibility – providing all interested customers reasonable access to the data in a timely fashion and providing the Commission access to the data to conduct an investigation.⁹ The Commission intended for these standards to ensure that market participants and regulators have confidence that natural gas and electric price indices published by price index developers that are referenced in Commission-jurisdictional tariffs are based on consistent, transparent, and verifiable processes and methodologies that help to ensure reliable prices.¹⁰

12. On December 12, 2003, the Commission issued its *2003 Clarification Order*.¹¹ The 2003 Clarification Order provided clarifications to the Commission’s price index policy related to the standards for data providers in the Initial Policy Statement.

13. On July 5, 2005, the Commission issued its 2005 Clarification Order.¹² The *2005 Clarification Order* provided clarifications to emphasize the broad nature of the Commission’s Safe Harbor Policy to encourage companies both to adopt the appropriate procedures to take advantage of the Safe Harbor Policy and to contribute their transaction information to the price formation process. The 2005 Clarification Order also reminded companies of their obligation to notify the Commission when there is a change in their reporting practices.¹³

⁹ *Id.* P 33.

¹⁰ See Initial Policy Statement, 104 FERC ¶ 61,121.

¹¹ 2003 Clarification Order, 105 FERC ¶ 61,282.

¹² 2005 Clarification Order, 112 FERC ¶ 61,040.

¹³ *Id.* P 21.

B. Price Index Order

14. On November 19, 2004, the Commission issued its *Price Discovery in Natural Gas and Electric Markets*¹⁴ to address issues concerning price indices in natural gas and electricity markets. The Commission directed Commission staff to continue to monitor price formation in wholesale markets, including price index developer and market participant adherence to the previously enumerated standards from the Initial Policy Statement.¹⁵ The Commission reviewed the submissions from price index developers and granted approval for their price indices to be referenced in Commission-jurisdictional tariffs.¹⁶ The Commission also adopted the criteria for price indices to be referenced in Commission-jurisdictional tariffs.¹⁷

C. The Use of Natural Gas Price Indices in Commission Jurisdictional Activities

15. Given that natural gas price index developers use physical fixed-price natural gas transactions to calculate the price of published natural gas indices, it is important that transaction reporting is robust and that price index development is transparent. The significant role played by natural gas price indices became apparent during the 2000-2001 Western Energy Crisis, when companies intentionally misreported transactions to price index developers to manipulate natural gas index prices in the Western United States.¹⁸ In the Price Index Order, the Commission established guidelines to ensure that

¹⁴ 109 FERC ¶ 61,184 (2004) (Price Index Order).

¹⁵ *Id.* P 22.

¹⁶ *Id.* at ordering para. (B).

¹⁷ *Id.* at ordering para. (D).

¹⁸ Initial Policy Statement, 104 FERC ¶ 61,121 at P 8 & n.1.

natural gas price indices that are used in Commission-jurisdictional tariffs are robust, free from manipulation, and reflect market fundamentals.¹⁹ Subsequently, in the Energy Policy Act of 2005 (EPAct 2005), Congress amended the Natural Gas Act to give the Commission additional authority with respect to natural gas price indices.²⁰

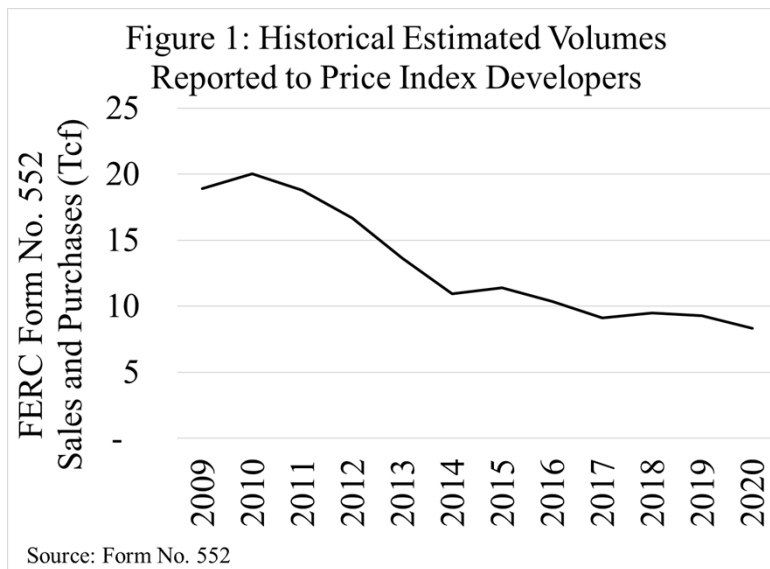
16. After the issuance of the *Policy Statement* and the Price Index Order, market participants increased the reporting of their fixed-priced natural gas transactions to price index developers, which resulted in greater confidence in those price indices. However, after 2010, the estimated traded volume of fixed-price natural gas transactions reported to price index developers began to decline significantly.²¹ Form No. 552 data show that the estimated volume of fixed-price transactions voluntarily reported to price index developers declined by approximately 58% from 2010 until 2020.²² Figure 1 shows estimated physical natural gas volumes reported to price index developers based on Form No. 552 data.

¹⁹ Price Index Order, 109 FERC ¶ 61,184.

²⁰ Energy Policy Act of 2005, Pub. L. 109-58, 119 Stat. 691-692 (2005) (codified in relevant part at Natural Gas Act of 1938, 15 U.S.C. 717c-1, 717t-1, 717t-2).

²¹ Two price index developers now include fixed-price transactions from the InterContinental Exchange (ICE) to increase the liquidity of their price indices. Commission staff analysis of the estimated volumes reported to price index developers via the Form No. 552 does not include supplemental information from ICE.

²² The Commission must estimate the volume of transactions reported to price index developers using Form No. 552 submissions because Form No. 552 filers can provide aggregated data for themselves and their affiliates, some of whom may or may not report to price index developers. Commission staff estimates this volume by calculating the average of the minimum possible volume reported (based on the subset of filers with affiliates that all indicate that they report to price index developers) and the maximum possible volume reported (based on the larger set of filers with at least one affiliate that indicates that it reports to price index developers).



17. At the same time that fixed-price reporting to price index developers decreased, the traded volume of natural gas transactions that referenced natural gas price indices, also known as index gas, increased. For example, Form No. 552 data showed that index gas increased from 68% of the traded volumes in the U.S. physical natural gas market in 2010 to 82% in 2020.

D. Standards for Price Indices used in Jurisdictional Tariffs

18. The Commission has a statutory obligation to ensure that jurisdictional rates are just and reasonable. Under the Natural Gas Act and Federal Power Act, the Commission's jurisdiction extends to sales of natural gas and electricity for resale in interstate commerce, interstate transmission of natural gas and electricity, and the related pricing mechanisms within jurisdictional tariffs.²³ One way the Commission helps to ensure just and reasonable jurisdictional rates is through the review and approval of natural gas price indices referenced in Commission-approved natural gas pipeline and public utility tariffs.

²³ See, e.g., 15 U.S.C. 717(b)-717(d); Natural Gas Policy Act of 1978, 15 U.S.C. 3431(a)(1)(A)-3431(a)(1)(D); 16 U.S.C. 824(b)-824(f).

19. An interstate natural gas pipeline or public utility proposing to include a price index in its Commission-jurisdictional tariff bears the burden of supporting its proposed price index. In the Price Index Order, the Commission stated that, when a natural gas pipeline or utility proposes to use a new natural gas or electric price index reference in a jurisdictional tariff or to change an existing price index reference, the Commission would apply a presumption that the proposed price index at a defined location will result in just and reasonable rates if the natural gas pipeline or public utility: (1) proposes to use a price index at a defined location published by one of the price index developers that the Commission has previously found to meet the developer criteria established in the *Policy Statement*, and (2) demonstrates that the price index at a defined location meets one or more of the applicable liquidity criteria for the appropriate review period.²⁴ If parties to the proceeding protest the use of the proposed price index at a defined location, they are required to support the protest with evidence that the selected location does not meet the liquidity criteria or show good reason why the location will not result in just and reasonable rates and should not be used. An interstate natural gas pipeline or public utility may also file to reference a price index at a defined location that does not satisfy these two conditions. In such a case, the natural gas pipeline or public utility bears the burden of showing that the price index at a defined location will result in just and reasonable rates and must support its filing accordingly.²⁵

²⁴ Price Index Order, 109 FERC ¶ 61,184 at P 68 (citing *N. Nat. Gas Co.*, 104 FERC ¶ 61,182, at P 10 (2003)).

²⁵ *Id.* P 69.

20. Under the Commission's market behavior rules,²⁶ marketers and interstate natural gas pipelines making jurisdictional sales of natural gas and jurisdictional sellers of electric energy that have or are seeking market-based rate authority that elect to report to price index developers must submit accurate and factual information and report in a manner consistent with the procedures set forth in the Commission's price index policy.²⁷

E. Proposed Revised Policy Statement

21. Noting the significant downward trend in data providers reporting transactions to price index developers and the concurrent rise in traded volumes of natural gas transactions that referenced natural gas price indices, discussed above, Commission staff held the Developments in Natural Gas Index Liquidity and Transparency technical conference (2017 technical conference) on June 29, 2017, to address natural gas index liquidity and transparency issues, and potential actions the Commission could consider taking to increase both the volume of transactions reported to natural gas price index developers and the transparency of the natural gas price formation process.²⁸ The 2017 technical conference discussion and the post-technical conference comments

²⁶ The Commission established the natural gas market behavior rules in 2003 in Order No. 644. *Amendment to Blanket Sales Certificates*, Order No. 644, 68 FR 66323 (Nov. 26, 2003), 105 FERC ¶ 61,217 (2003), *reh'g denied*, 107 FERC ¶ 61,174 (2004) (codified at 18 CFR 284.288, 18 CFR 284.403); *Investigation of Terms & Conditions of Public Utility Mkt.-Based Rate Authorizations*, 105 FERC ¶ 61,218 (2003), *order on reh'g and clarification*, 107 FERC ¶ 61,175 (2004). The electric market behavior rules were codified later in 2006. *Conditions for Pub. Util. Mkt.-Based Rate Authorization Holders*, Order No. 674, 71 FR 9695 (Mar. 29, 2006), 114 FERC ¶ 61,163 (2006) (codified at 18 CFR 35.41(c)).

²⁷ 18 CFR 35.41; 18 CFR 284.288(a); 18 CFR 284.403(a); Initial Policy Statement, 104 FERC ¶ 61,121 at P 37.

²⁸ See Docket No. AD17-12-000. A Commission staff-led technical conference addressing similar issues was held in 2003 in Docket No. AD03-7-000.

demonstrated a need to revise the Commission's price index policy and provided the Commission a better understanding of potential reforms to address declining data provider transaction reporting to price index developers and the robustness and reliability of price index formation.

22. On December 17, 2020, the Commission issued the Proposed Revised Policy Statement,²⁹ which proposed several revisions to the Commission's price index policy to encourage more market participants to report their transactions to price index developers and to provide greater transparency into the natural gas price formation process to increase confidence in the accuracy and reliability of wholesale natural gas prices.

II. Discussion

23. As part of its mandate to ensure just and reasonable rates in the wholesale natural gas and electric markets, the Commission reviews its existing policies and regulations from time to time. The Commission's policies and regulations related to natural gas and electric price indices date to the early 2000s and were adopted in response to a lack of confidence in price indices.³⁰ Since then, the physical trading of natural gas, the reporting of those transactions, and the development of price indices by price index developers has changed.

24. In order to address the decline in reporting to price index developers, the Commission proposed several revisions to the Commission's price index policy in its Proposed Revised Policy Statement to decrease the reporting burden on data providers and potentially increase the number of market participants reporting transactions to

²⁹ 173 FERC ¶ 61,237.

³⁰ Initial Policy Statement, 104 FERC ¶ 61,121 at P 1.

Commission-approved price index developers. The Commission stated that increased price reporting would contribute to the robustness of Commission-approved price indices and could lead to more accurate and reliable price indices referenced in Commission-jurisdictional tariffs.³¹

25. In the Proposed Revised Policy Statement, the Commission also proposed several revisions to the Commission's price index policy applicable to Commission-approved price index developers. Specifically, the Commission proposed to modify how Commission-approved price index developers form natural gas price indices and to ensure that these natural gas price index developers continue to adhere to the Commission's policies. The Commission stated that these proposed revisions would increase the transparency of the natural gas price formation process and maintain industry confidence in the price indices.³²

26. Finally, the Commission proposed to clarify the timeframe over which to assess the liquidity for natural gas price indices referenced in natural gas and electric tariffs. This revision would ensure that natural gas price indices referenced in Commission-jurisdictional tariffs are liquid at the time of attestation.³³

27. The Commission received 14 comments, including reply comments, in response to the Proposed Revised Policy Statement. The attached Appendix A lists those that submitted comments.³⁴

³¹ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 16.

³² *Id.* P 17.

³³ *Id.*

³⁴ Appendix A will not be published in the *Federal Register*.

A. Reporting Transactions to Price Index Developers

1. Commission Proposal

28. In the *Initial Policy Statement*, the Commission set forth standards for data providers reporting transactions to price index developers. For the “Data Reported” standard, the Commission stated that natural gas or electric data providers should report “each bilateral, arm’s length transaction between non-affiliated companies in the physical (cash) markets.”³⁵ The Commission also defined the term for transactions reported to price index developers as “next day or next month.”³⁶ The Commission later clarified that transactions reported to price index developers should be “non-index” based transactions for the next-day and next-month markets.³⁷ Regarding natural gas price indices, the Commission later acknowledged that physical basis transactions occurring during bidweek “are a significant aspect of wholesale natural gas markets and utilize or could contribute to the formation of price indices.”³⁸ Thus, the Commission requires natural gas data providers who elect to report their transactions to price index developers

³⁵ Initial Policy Statement, 104 FERC ¶ 61,121 at P 34.

³⁶ *Id.*

³⁷ See 2003 Clarification Order, 105 FERC ¶ 61,282 at P 12 & n.4 (“As noted in Policy Statement ¶ 34.3, reportable transactions are non-index based ‘bilateral, arm’s-length transaction between non-affiliated companies in the physical (cash) markets at all trading locations.’ Note, however, that if a participant reports trades to an index developer that publishes only a limited or regional index, the market participant must report trades in other areas not covered by the limited or regional index to another index developer.”).

³⁸ *Transparency Provisions of Section 23 of the Nat. Gas Act*, Order No. 704, 73 FR 1014 (Jan. 4, 2008), 121 FERC ¶ 61,295 (2007), *order on reh’g and clarification*, Order No. 704-A, 73 FR 55726 (Sept. 26, 2008), 124 FERC ¶ 61,269, at P 89, *reh’g denied*, Order No. 704-B, 125 FERC ¶ 61,302 (2008).

to report both their next-day fixed-price natural gas transactions and next-month fixed-price and physical basis natural gas transactions to price index developers.³⁹

29. In the Proposed Revised Policy Statement, the Commission proposed to allow data providers to report either all non-index based next-day transactions, all non-index based next-month transactions, or both non-index based next-day and non-index based next-month transactions. Under this revision, whichever set of transactions a data provider chooses to report (next-day, next-month, or both), it should submit data on each bilateral, arm's length transaction within that set.⁴⁰ The Commission explained that these revisions would reduce the reporting burden for data providers who primarily transact in the next-month market because those data providers can now report their next-month transactions without being required to take on the daily burden of reporting their next-day transactions.

2. Comments

30. The majority of commenters express support for the proposed revision, with several commenters suggesting that the proposed revision will enhance price indices by reducing the burden of reporting and encouraging more robust participation.⁴¹

³⁹ The Form No. 552 collects information on these types of transactions acknowledging their role in next-day and next-month price index formation.

⁴⁰ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 21.

⁴¹ American Public Gas Association (APGA) Comments at 12; Argus Comments at 3; Edison Electric Institute (EEI) Comments at 4; Energy Intelligence Comments at 1; EQT Comments at 5; Electric Power Supply Association (EPSA) Comments at 2-3; Interstate Municipal Gas Agency (IMGA) Comments at 4; NGI Comments at 3-4; Natural Gas Supply Association (NGSA) Comments at 4-5; Platts Comments at 4.

31. NGSa states that the proposed revision will foster more robust levels of participation in reporting to price index developers, particularly for bidweek⁴² transactions.⁴³

32. EEI states the proposed revision would significantly reduce the daily price reporting requirement burden on data providers, which may lead to increased reporting by “smaller and mid-sized companies.”⁴⁴ Similarly, EQT supports the proposed revision because market participants who primarily conduct monthly transactions would not have to bear the cost and time burden of reporting occasional daily trades, and EQT suggests the proposal will increase the number of data providers and thereby the accuracy of published price indices.⁴⁵

33. APGA and Platts state that allowing data providers to report next-day and/or next-month transactions would make market participants more willing to report transactions in markets where they most actively trade, potentially benefitting monthly price indices.⁴⁶ NGI states that the proposed revision will help market participants, mainly smaller local distribution companies, utilities, and end-users, that transact most of their volumes in the next-month (i.e., bidweek) market versus the next-day market.⁴⁷ NGI further states that such data providers could contribute bidweek volumes to a price index developer without

⁴² Bidweek is a time frame occurring during the last five business days of every month at which most next-month contracts are traded. Delivery of these contracts takes place the following the month.

⁴³ NGSa Comments at 4.

⁴⁴ EEI Comments at 4-5.

⁴⁵ EQT Energy LLC (EQT) Comments at 5.

⁴⁶ APGA Comments at 12; Platts Comments at 4.

⁴⁷ NGI Comments at 3-4.

the “onerous and resource-consuming price reporting function” in the next-day market for their infrequent daily deals.⁴⁸

34. Similarly, Argus states that it has been informed by market participants that they often do not transact in both next-day and next-month markets, or that market participants do minimal trading in one market while consistently transacting in the other market.

Argus explains that these market participants “lack the willingness to add manpower and systems” to report to price index developers when they transact so few transactions.⁴⁹

35. American Forest & Paper Association and Process Gas Consumers Group (AFPA/PGC) believe the proposed revision will only result in a modest increase to the total amount of reported trades and finds that the proposed revision “does nothing to specifically encourage voluntary reporting by marketers.” AFGA/PGC further state that the Commission should “strongly encourage” reporting by all natural gas marketers to increase the volume of transactions reported to price index developers.⁵⁰

3. Commission Determination

36. We adopt the proposal in the Proposed Revised Policy Statement to allow data providers to elect to report either all non-index based next-day transactions, all non-index based next-month transactions, or both non-index based next-day and non-index based next-month transactions to price index developers. Under this modification to the price index policy, we require that for whichever set of transactions a data provider chooses to report (next-day, next-month, or both), that data provider must submit data on *each* bilateral, arm’s length transaction within that set. We think that this revision will reduce

⁴⁸ *Id.* at 4.

⁴⁹ Argus Comments at 4.

⁵⁰ AFPC/PGC Comments at 4-5.

the reporting burden for data providers because it will give them the ability to report data for the market (either next-day or next-month) that they primarily transact in. We expect that this revision may lead to additional reporting of next-month transactions as data providers who predominantly transact in the next-month market may choose to begin reporting their next-month transactions to price index developers now that they no longer have to take on the daily burden of reporting their next-day transactions as well.

37. The majority of commenters express support for the proposal to allow data providers to elect to report either all non-index based next-day transactions, all non-index based next-month transactions, or both non-index based next-day and non-index based next-month transactions to price index developers.⁵¹ We agree with these commenters that adopting the proposal in the Proposed Revised Policy Statement would lower the reporting burden for data providers. As a result, it may also foster more robust participation in reporting to price index developers, increasing the accuracy of natural gas indices.⁵² As noted by AFPA/PGC,⁵³ any increase in reporting to price index developers may be modest; nonetheless, we expect that any such increase will enhance the overall accuracy and robustness of the price indices they develop. Furthermore, we continue to think that, as stated in the Proposed Revised Policy Statement, adopting the proposal will increase reporting in the next-month market, where reporting to price index developers is

⁵¹ APGA Comments at 12; Argus Comments at 4; EEI Comments at 4; Energy Intelligence Comments at 1; EPSA Comments at 2-3; EQT Comments at 5; IMGA Comment at 4; NGI Comments at 3-4; NGSA Comments at 4-5; Platts Comments at 4.

⁵² EQT Comments at 5; NGSA Comments at 4.

⁵³ AFPA/PGC Comments at 4-5.

most needed.⁵⁴ Further, to that end and as suggested by AFPA/PGC,⁵⁵ we strongly encourage all market participants (including marketers) to report their transactions to price index developers as additional data providers will lead to more robust price indices.

38. We note that the adoption of the proposal in the Proposed Revised Policy Statement to allow data providers to elect to report either all non-index based next-day transactions, all non-index based next-month transactions, or both non-index based next-day and non-index based next-month transactions to price index developers, necessitates a minor adjustment to the Form No. 552 to reflect a reporting company's⁵⁶ ability to identify the reporting of non-index based next-day transactions, non-index based next-month transactions, or both types of transactions in its Form No. 552. We revise the Form No. 552 to allow filers to identify if they report their next-day and/or their next-month fixed-price and physical basis transactions to price index developers. Appendix B explains this revision to the Form No. 552.⁵⁷

39. Finally, we note that as of Fall 2021, several price index developers changed their bidweek price index determination period from the last five business days of every month to a three-business day period, generally concluding on the expiration date of the prompt-month NYMEX natural gas futures contract. Thus, physical natural gas transactions generally occurring during the last two business days of the month, which

⁵⁴ See Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 20.

⁵⁵ AFPA/PGC Comments at 4-5.

⁵⁶ A reporting company is the legal entity whose information is being submitted to the Commission via a Form No. 552 filing. Reporting companies may or may not be data providers reporting transactional data to price index developers.

⁵⁷ Appendix B will not be published in the *Federal Register*.

generally have less liquidity than the prior three business days and are subject to post-expiration price volatility, no longer contribute to the formation of several monthly price indices. Several price index developers made this change to align the price determination period during bidweek with higher volume trading days and to avoid price volatility from additional trading days. We find that this new timeframe for bidweek transactions still complies with the Commission's price index policy.⁵⁸

B. Encouraging Comprehensive Reporting

1. Commission Proposal

40. In the Proposed Revised Policy Statement, the Commission proposed to encourage all data providers to report their transaction data to as many Commission-approved price index developers as possible.⁵⁹ The Commission's proposal sought to address the incorrect view that the Commission's price index policy had limited data providers to reporting to only one price index developer.

2. Comments

41. Several commenters agree that reporting to multiple price index developers could lead to more robust price indices.⁶⁰ More specifically, APGA agrees with the Commission and finds that it would be helpful if all data providers reported to as many Commission-approved price index developers as possible.⁶¹ Argus notes that if more

⁵⁸ See Order No. 704, 121 FERC ¶ 61,295 at P 41. The Commission defined a next-month natural gas contract reported on its Form No. 552 as a transaction executed during the last five business days of one month for uniform delivery over the next month. This timeframe was commonly known as bidweek.

⁵⁹ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 22.

⁶⁰ APGA Comments at 12; Argus Comments at 4; Energy Intelligence Comments at 1; EPSA Comments at 2-3.

⁶¹ APGA Comments at 12.

market participants voluntarily report their transactions to multiple price index developers the price indices would be more robust; further, Argus volunteers to work with market participants to lighten and remove the burdens associated with reporting to multiple price index developers.⁶²

42. Energy Intelligence notes that any additional burden on data providers is marginal and would be outweighed by the benefit of having multiple independent price index developers available to the marketplace.⁶³

43. However, NGI and NGSA express concern about encouraging data providers to report to multiple price index developers.⁶⁴ NGSA stresses the importance of allowing data providers the flexibility to choose which price index developers they report to, further noting that a data provider's reporting decision should be based on what works best for each company.⁶⁵ NGI cautions the Commission against strengthening the language related to reporting to multiple price index developers, because doing so could reduce the number of data providers reporting to price index developers, with the benefits of reporting outweighed by the additional resources needed to report to additional Commission-approved price index developers.⁶⁶

44. NGI also proposes that the Commission should consider expanding the questions included in the Schedule of Reporting Companies and Price Index Reporting section of the Form No. 552 to require reporting companies to explain why they choose not to

⁶² Argus Comments at 4.

⁶³ Energy Intelligence Comments at 1.

⁶⁴ NGI Comments at 4-5; NGSA Comments at 5.

⁶⁵ NGSA Comments at 5.

⁶⁶ NGI Comments at 4.

voluntarily report transactions to price index developers, if they indicate that they do not price report on Form No. 552.⁶⁷

3. Commission Determination

45. We adopt the proposal in the Proposed Revised Policy Statement to encourage all data providers to report their transaction data to as many Commission-approved price index developers as possible. To clarify, there is no requirement that a data provider limit its reporting to only one price index developer. To reiterate, a data provider may report transactions to more than one price index developer.⁶⁸

46. We find that, as stated in the Proposed Revised Policy Statement, the burden of reporting to multiple price index developers has fallen since issuance of the Initial Policy Statement.⁶⁹ For example, data providers can now submit transactional data to multiple price index developers via one joint email. Further, we find that reporting transaction data to multiple price index developers will help to increase the robustness of price formation for all price index developers. Energy Intelligence notes that the additional reporting burden to report to multiple price index developers is marginal, and the benefits of reporting to multiple price index developers outweigh the reporting burden.⁷⁰

Similarly, APGA and Argus highlight similar benefits from urging data providers to report to multiple price index developers.⁷¹ We agree with commenters that adopting this

⁶⁷ *Id.* at 4-5.

⁶⁸ 2003 Clarification Order, 105 FERC ¶ 61,282 at P 12 (“A participant, of course, may report transactions to more than one index developer.”)

⁶⁹ *See* Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at PP 22-23.

⁷⁰ Energy Intelligence Comments at 1.

⁷¹ APGA Comments at 12; Argus Comments at 4.

proposal will provide clarity to data providers that there is no requirement that a data provider limit its reporting to only one price index developer. We also find that reporting to multiple price index developers could lead to more robust price formation.

47. NGI requests that the Commission expand the information requested on the Form No. 552 to require reporting companies to explain why they did not voluntarily report transaction data to price index developers, if they indicate on their respective annual Form No. 552 submission that they do not price report to price index developers.⁷² We decline NGI's request. NGI acknowledges that data providers are not required to, but can voluntarily, report transaction data to price index developers. We see no reason to impose a requirement that would increase the burden on data providers and potentially discourage voluntary reporting, and we decline to adopt this proposal.

C. Reducing the Self-Audit Burden

1. Commission Proposal

48. Under the current price index policy, a data provider should perform a self-audit annually. In the Proposed Revised Policy Statement, the Commission proposed to allow data providers to perform a self-audit on a biennial basis. In other words, every other year a data provider would perform an audit covering the previous two years, if choosing this option.⁷³

49. More specifically, the Commission proposed to revise the timing of the standard that a data provider have an independent auditor review the implementation of, and adherence to, the data gathering and submission process adopted by the data provider so

⁷² NGI Comments at 4-5.

⁷³ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 24.

that the audit be undertaken on a biennial basis. As stated in the Initial Policy Statement, the results of the audit should continue to be made available to any price index developer to which the data provider submits trade data, and the data provider should permit the price index developer to recommend changes to improve the accuracy and timeliness of data reporting.⁷⁴

50. Further, the Commission stated that it continued to find it acceptable for auditors internal to the data providers to perform the self-audits, in order to avoid raising barriers to voluntary reporting. More specifically, the Commission stated that the internal audits could be performed by a data provider's internal auditor so long as internal audit personnel are independent from the trading and reporting departments and personnel, and the audit follows internal audit standards, such as those prescribed by the Institute of Internal Auditors or other similarly generally accepted auditing standards.⁷⁵

2. Comments

51. Commenters who support the proposal generally agree that it would reduce the reporting burden on data providers.⁷⁶ Specifically, Argus, EEI, Energy Intelligence, and NGSA believe the proposal would reduce regulatory burden and increase price reporting, with NGSA noting enhanced market liquidity as an indirect benefit.⁷⁷

⁷⁴ Initial Policy Statement, 104 FERC ¶ 61,121 at P 34.

⁷⁵ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 26.

⁷⁶ APGA Comments at 12; Argus Comments at 5; EEI Comments at 5; Energy Intelligence Comments at 1-2; EPSA Comments at 2-3; EQT Comments at 4-5; IMGA Comments at 4; NGI Comments at 5-6; NGSA Comments at 5-6.

⁷⁷ Argus Comments at 5; EEI Comments at 5; Energy Intelligence Comments at 1-2; NGSA Comments at 5-6.

52. EQT supports the Commission's proposal to retain the ability of data providers to use internal auditors to perform self-audits as long as the internal audit personnel are independent from the trading and reporting department and follow generally accepted auditing standards, noting that this proposal would reduce the cost and time burden for data providers.⁷⁸

53. NGSA also recommends changes to the Commission's Office of Enforcement's audit process. Specifically, NGSA recommends that the Office of Enforcement adopt enhancements to its audit process, including taking a more targeted approach tailoring the scope of audits to a specific set of issues, ensuring data providers understand the audit scope, and committing to a reasonable, set timeframe for audits. NGSA further recommends that the Office of Enforcement refrain from changing or expanding the audit scope without good cause, and communicate any changes in the audit scope, completion date, or status immediately.⁷⁹

3. Commission Determination

54. We adopt the proposal in the Proposed Revised Policy Statement to allow data providers to perform a self-audit on a biennial basis. In other words, every two years, a data provider would perform an audit covering the previous two years, if choosing this option.

55. Consistent with the existing requirements of the Commission's price index policy, the results of the audit should be made available to any price index developer to which the data provider submits trade data, and the data provider should permit the price

⁷⁸ EQT Comments at 4-5.

⁷⁹ NGSA Comments at 6-8.

index developer to recommend changes to improve the accuracy and timeliness of data reporting.

56. EEI, Argus, and NGSA state that the proposed audit changes would reduce regulatory burden and increase price reporting. We agree; adopting this proposal will ease the burden for data providers, which may lead to additional data providers reporting transaction data to price index developers.

57. Further, we continue to find it acceptable for internal auditors to perform the self-audits, in order to avoid raising barriers to voluntary reporting. More specifically, audits can continue to be performed by a data provider's internal auditor as long as internal audit personnel are independent from the trading and reporting departments and personnel, and the audit follows internal audit standards, such as those prescribed by the Institute of Internal Auditors or other similarly generally accepted auditing standards. We find that adequately documented and effective audits by an independent internal or external audit function can serve as an appropriate compliance control. Moreover, we believe the self-audits will ensure that price reporting by market participants is accurate and will support industry confidence in price indices.

58. NGSA recommended several enhancements to the Office of Enforcement's audit process, as summarized above.⁸⁰ We emphasize that many of NGSA's recommendations are already an inherent part of the Office of Enforcement's audit process. We decline to adopt NGSA's recommendations in this proceeding because they focus on changes to the Office of Enforcement's audit process, which is unrelated to the Commission's proposal to reduce the self-audit burden on data providers.

⁸⁰ NGSA Comments at 6-9.

D. Increasing Confidence in Price Indices

1. Commission Proposal

59. In the Proposed Revised Policy Statement, the Commission proposed to clarify that, with respect to assessments, a price index developer's code of conduct should inform customers how it makes assessments in its publications and in its data distributions.⁸¹ A price index developer is considered to use a "market assessment" when it uses "market information, other than the trades at the index's specified location, to determine the value of the index price."⁸²

60. Further, the Commission proposed that price index developers indicate in their publications and data distributions when they use a market assessment to calculate a published index price. Specifically, the Commission proposed that price index developers clearly define in their code of conduct a method to determine if a price assessment is made in its data distributions.⁸³

2. Comments

61. The majority of commenters expressed support for the proposal, with some commenters noting that the market assessment clarification would add transparency to the market.⁸⁴ Further, Argus, Energy Intelligence, NGI, and Platts assert that they each

⁸¹ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 27.

⁸² *Id.* P 28.

⁸³ *Id.* P 30.

⁸⁴ American Gas Association (AGA) Comments at 3-5; APGA Comments at 13; Argus Comments at 5; California Independent System Operator Corporation (CAISO) Comments at 4-5; Energy Intelligence Comments at 2; EQT Comments at 8; IMGA Comments at 4; NGI Comments at 6; Platts Comments at 4.

currently comply with the proposal regarding market assessment identification.⁸⁵ APGA similarly notes that it believes that most price index developers have already adopted the proposed revision.⁸⁶

62. AGA states that the proposal should assist market participants in identifying market assessments by distinguishing price indices calculated from the weighted averages of reported trades from price indices calculated by market assessments. AGA believes this proposal will increase transparency and provide the market with more information about liquidity of certain locations and should promote “confidence in price indices.”⁸⁷ AGA also notes that AGA members have not voiced concerns regarding a loss of confidence in natural gas markets or concerns that natural gas price indices do not sufficiently reflect locational value of natural gas to permit decision making.⁸⁸ APGA notes its concerns with the “proliferation” of market assessments, highlighting that several smaller APGA members have experienced an increase in the number of market assessments at the price index hubs where they purchase natural gas. APGA welcomes the proposed policy changes.⁸⁹

63. EQT notes that, subsequent to the guidelines established in Price Index Order, no process has been established to allow the Commission to reconfirm the liquidity of price

⁸⁵ Argus Comments at 5; Energy Intelligence Comments at 2; NGI Comments at 6; Platts Comments at 4.

⁸⁶ APGA Comments at 13.

⁸⁷ AGA Comments at 5.

⁸⁸ *Id.*

⁸⁹ APGA Comments at 9, 13.

index developers' indices once they have been included in natural gas pipeline tariffs.⁹⁰ EQT explains that the use of price indices in natural gas pipeline tariffs to settle imbalances or determine penalties is different from their use in commercial transactions; EQT stresses the importance of the integrity of price indices, since the use of set price indices as a reference point in Commission-jurisdictional tariffs does not present shippers with an option to choose their preferred price index and, therefore, has day-to-day financial impacts on “essentially captive parties.”⁹¹ Finally, EQT states that they do not believe that market assessments should be permitted to substitute for the relatively small minimum trading liquidity requirements adopted in the Price Index Order, and the Commission should so clarify in a revised policy statement.⁹²

64. CAISO requests that the Commission require price index developers to report the daily volume traded, number of transactions, and number of counterparties, even on days when price index developers use market assessments. CAISO asserts that, without the above data points, RTOs/ISOs may be unable to assess liquidity based on the Commission's proposal for at least 180 continuous days out of the most recent 365 days. Alternatively, CAISO asks the Commission for additional clarity on how RTOs/ISOs should evaluate price index liquidity when price index developers use market assessments.⁹³ CAISO also requests that the Commission specify the extent to which

⁹⁰ EQT Comments at 5-6 (citing Price Index Order, 109 FERC ¶ 61,184 at P 42).

⁹¹ *Id.* at 6.

⁹² *Id.* at 8.

⁹³ CAISO Comments at 4-5.

price index developers must report criteria-related data when they rely on market assessments rather than weighted averages.⁹⁴

65. Argus requests that the Commission study whether the increase in market assessments, coupled with the requirement that price index developers publish when they use a market assessment, affects market participant contracting practices. Argus elaborates that market participants may include an alternative pricing methodology to replace a particular hub in their contracts, explaining that if the hub is subject to market assessments, it could indicate to market participants that it is a less liquid hub.⁹⁵

3. Commission Determination

66. Consistent with the proposal in the Proposed Revised Policy Statement, we clarify that, with respect to assessments, a Commission-approved price index developer should indicate in its publications and data distributions when it uses a market assessment to calculate a published index price. Further, under the revised standards for price index developers, each price index developer's code of conduct should inform customers how it uses market assessments in calculating price indices by specifying the types of data it may use in producing a market assessment. Price index developers should also clearly explain in their code of conduct how to determine if a price assessment is made in its publications and its data distributions.

67. We find that, as noted in the Proposed Revised Policy Statement, adopting these proposals will enhance price index assessment transparency and give market participants

⁹⁴ *Id.* at 2.

⁹⁵ Argus Comments at 6.

better information about the liquidity of certain hub locations.⁹⁶ We agree with AGA that these modifications to the Commission's price index policy will increase transparency of price index development, and more generally, natural gas price formation. We find that these modifications may, in turn, increase the industry's confidence in price indices. Finally, we agree with AGA and APGA that these modifications will give market participants a mechanism to identify market assessments.⁹⁷ We find that explicitly requiring price index developers to indicate when and how they use a market assessment will provide more clarity to market participants and increase price index assessment transparency.

68. In their comments, both EQT and CAISO request that the Commission clarify how market assessments might be used when determining price index liquidity. EQT specifically states that they do not believe market assessments should be permitted as a substitute for the current liquidity requirements, as those requirements are already relatively small. A market assessment is only used when a price index developer cannot determine a value for the index price using the trades at the index's specified location, indicating low liquidity for the specified index. Therefore, price index developers should clearly identify assessments in their publications and data distribution and to explain how to identify price indices that have been assessed in their code of conduct.⁹⁸ When measuring the average liquidity of a price index proposed for reference in a Commission-jurisdictional tariff, the Commission will consider any days the price index is assessed to

⁹⁶ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 30.

⁹⁷ AGA Comments at 5; APGA Comments at 13.

⁹⁸ For example, some price index developers designate a market assessment by indicating a price index having zero volume, zero transactions, and zero counterparties.

have zero volume, zero transactions, and/or zero counterparties. The Commission's price index liquidity requirements⁹⁹ for price indices proposed for reference in Commission-jurisdictional tariffs still apply to price indices that use market assessments. However, we note that use of market assessments may affect the measured liquidity at any given price index when it is proposed for reference in a Commission-jurisdictional tariff because the Commission considers any days the price index is assessed to have zero volume, zero transactions, and/or zero counterparties.

69. CAISO also requests that the Commission specify the extent to which price index developers must report criteria-related data (i.e., daily volume traded, number of transactions, and number of counterparties), even on days when price index developers publish market assessments in lieu of price indices.¹⁰⁰ We understand that price index developers calculate market assessments when there is little or no liquidity at a hub on any given day. If a Commission-approved price index developer finds that the transaction data reported at a hub is insufficient to form a price, a price index developer may choose to use other information to determine the price at the hub. As long as a price index developer clearly states its methodology to identify market assessments, we find that an index developer need not report transaction data (i.e., daily volume traded, number of transactions, and number of counterparties) for that hub. We decline to require such reporting given that Commission-approved price index developers may use few (if any) of the reported transactions in developing the assessment, thus limiting the value of such reporting.

⁹⁹ Price Index Order, 109 FERC ¶ 61,184 at P 66.

¹⁰⁰ CAISO Comments at 4-5.

70. Additionally, Argus requests that the Commission study whether the increase in market assessments, coupled with the requirement that price index developers publish when they use a market assessment, affects market participant “contracting practices.”¹⁰¹ Though we acknowledge that market participants may undertake alternative pricing methodologies in future contracting practices, Argus has not explained the benefit of studying the impact of market assessments on market participant contracting practices. Accordingly, we decline to undertake such a study.

E. Ensuring Price Index Developers’ Continued Adherence to the Price Index Policy

1. Commission Proposal

71. In the Initial Policy Statement, the Commission set forth five standards for price index developers to demonstrate that their internal processes were sufficient to qualify as a Commission-approved price index developer and, thus, have their price indices referenced in Commission-jurisdictional tariffs.¹⁰² As detailed above, those five standards include: (1) a code of conduct and confidentiality; (2) completeness; (3) data verification, error correction, and monitoring; (4) verifiability; and (5) accessibility. After the Commission issued the *Policy Statement*, 10 price index developers made filings with the Commission asserting that they complied with these standards. In the Price Index Order, the Commission approved those price index

¹⁰¹ Argus Comments at 6.

¹⁰² Initial Policy Statement, 104 FERC ¶ 61,121 at P 33.

developers as satisfying all or substantially all of the standards.¹⁰³ Since then, the Commission has granted approval to three additional price index developers.¹⁰⁴

72. In the Proposed Revised Policy Statement, the Commission proposed that a Commission-approved price index developer should seek re-approval from the Commission every seven years that it continues to meet the five standards for price index developers. More specifically, the Commission proposed that, beginning six months after the effective date of this proposal, interstate natural gas pipelines and public utilities proposing to use price indices in jurisdictional tariffs will no longer be entitled to the rebuttable presumption that a price index developer's price indices produce just and reasonable rates unless the price index developer has obtained re-approval from the Commission within the last seven years that it continues to meet the criteria set forth in the Initial Policy Statement.

2. Comments

73. Price index developers generally support the Commission's proposal for price index developers to obtain re-approval every seven years as a way to ensure their continued adherence to the Commission's price index policy.¹⁰⁵

¹⁰³ Price Index Order, 109 FERC ¶ 61,184 at P 24 (approving indices published by Argus, Bloomberg L.P., Btu/Data Transmission Network, Dow Jones and Company, Energy Intelligence, ICE, Io Energy LLC, NGI, Platts, and Powerdex, Inc. (Powerdex)).

¹⁰⁴ Many of the original indices have ceased publication or been acquired and rebranded and not reapproved. As such, only five approved price index developers remain: Argus, Energy Intelligence (Natural Gas Week), NGI, Platts, and Powerdex. Although it was not pre-approved, SNL Energy continues to publish indices after purchasing IO Energy LLC and BTU/Data Transmission Network in 2004 and 2009, respectively.

¹⁰⁵ Argus Comments at 6; Energy Intelligence Comments at 2; NGI Comments at 6; Platts Comments at 3.

74. Platts notes that the Commission has not described the re-approval requirements or re-approval process.¹⁰⁶ As a result, Platts proposes that price index developers demonstrate adherence to the International Organization of Securities Commissions (IOSCO) Principles for Oil Price Reporting Agencies for re-approval, as the IOSCO principles call for a third-party review on an annual basis and would add integrity to the re-approval process.¹⁰⁷

75. EQT also seeks further clarification on whether or how the use of market assessments would factor into the “every seven-year” determination as to whether a price index developer continues to meet the Commission’s threshold liquidity standard.¹⁰⁸

3. Commission Determination

76. We adopt the proposal in the *Proposed Revised Policy Statement* for each Commission-approved price index developer to seek re-approval from the Commission every seven years that it continues to fully or substantially meet the five standards for publishing price indices. Beginning six months after the effective date of this revision, interstate natural gas pipelines and public utilities proposing to use price indices in jurisdictional tariffs will no longer be entitled to the rebuttable presumption that a price index developer’s price indices produce just and reasonable rates unless the price index developer has obtained approval or re-approval from the Commission within the last seven years.¹⁰⁹

¹⁰⁶ Platts Comments at 3-4.

¹⁰⁷ *Id.*

¹⁰⁸ EQT Comments at 6.

¹⁰⁹ Consistent with prior practice, price index developers would file for both initial Commission approval and re-approval in the PL03-3-000 docket.

77. Under the Commission’s price index policy, after the Commission approves a price index developer, the Commission has no further verification process to ensure that price index developers continue to adhere to the five standards for publishing price indices. As a result, for most of the currently approved price index developers, the Commission has not reexamined their compliance with the price index developer standards in 18 years, despite the myriad changes in natural gas markets that have occurred during that time.¹¹⁰ Having price index developers seek re-approval from the Commission every seven years will aid the Commission in ensuring that Commission-jurisdictional tariffs and rates that reference price indices remain just and reasonable.

78. In responses to comments from Platts asserting that the Commission has not yet described the re-approval process, we clarify that we have not changed the guidelines for the Commission’s approval process for a price index developer’s methodology.¹¹¹ As such, price index developers seeking Commission approval, or re-approval, should continue to follow the guidelines stated in the Commission’s Initial Policy Statement.¹¹²

79. EQT seeks clarity on whether the use of market assessments would factor into the Commission’s approval of a price index developer.¹¹³ We find that the use of market assessments will not affect Commission approval of a price index developer as long as

¹¹⁰ For instance: multiple price index developers now receive transactions from ICE; at some hub locations, index-based “daily basis” transactions are now being used to create next-day indices; and market assessments are being used to price historically liquid hub locations where liquidity declined.

¹¹¹ Platts Comments at 3.

¹¹² Initial Policy Statement, 104 FERC ¶ 61,121, *clarified*, 2003 Clarification Order, 105 FERC ¶ 61,282, *clarified*, 2005 Clarification Order, 112 FERC ¶ 61,040.

¹¹³ EQT Comments at 8.

the price index developer's code of conduct adequately describes the methodology for use of market assessments as required by this Revised Policy Statement.

F. Modifying Liquidity Standards for Price Index References

1. Commission Proposal

80. In the Price Index Order, the Commission adopted a set of criteria delineating a price index developer's minimum reported level of activity at a particular trading location in order for that price index trading at that location to be referenced in a Commission-jurisdictional tariff – effectively known as liquidity standards.¹¹⁴

81. The Commission found that interstate natural gas pipelines and utilities, when proposing new natural gas and electric price indices to be used in Commission-jurisdictional tariffs, should confirm that the proposed price index at defined location(s) have met the minimum liquidity standards over a 90-day period for daily or weekly indices, and a six-month period for monthly indices.¹¹⁵ The Commission did not specify any timeframe during which the applicant should show that the proposed price index at a defined location meets the liquidity threshold. As a result, interstate natural gas pipelines and RTOs/ISOs have used different 90-day or six month-periods to submit data on price indices at defined locations in order to assess liquidity.¹¹⁶

¹¹⁴ Price Index Order, 109 FERC ¶ 61,184 at P 66.

¹¹⁵ *Id.* P 65.

¹¹⁶ *E.g.*, in Docket No. RP20-59-000, filed on October 10, 2019, Dominion Energy Transmission Inc. submitted transactions for a price index at a defined location for the period from June 4, 2019 to August 30, 2019. In Docket No. RP19-1395-000, filed on July 24, 2019, Southern Natural Gas Company, L.L.C. submitted transactions for a price index at a defined location from April 1, 2019 to July 16, 2019. Both of these filings were accepted given that the natural gas pipelines provided 90 days of data, but the latter filing included a review period closer to the date of filing.

82. In the Proposed Revised Policy Statement, the Commission proposed to modify the review period over which a natural gas price index at a defined location should meet the minimum level of activity for natural gas price indices referenced in Commission-jurisdictional tariffs to at least 180 continuous days out of the most recent 365 days from the filing date of any such proposal.¹¹⁷ The proposed modification of liquidity standards was intended to provide clarity to market participants that propose natural gas price index references in their Commission-jurisdictional tariff filings.

83. Specifically, the Commission proposed to revise the liquidity criteria established in the Price Index Order as follows (revised language shown in italics). The Commission also proposed to remove the term “daily” from the daily, weekly, and monthly liquidity requirements to provide clarity concerning the conditions that should be met for those types of price indices.

Daily or hourly indices should meet at least one of the following conditions, on average, for all non-holiday weekdays *for at least 180 continuous days out of the most recent 365 days*:

1. Average volume traded of at least 25,000 million Btu (MMBtu) *per day* for natural gas or 2,000 Megawatt hours (MWh) *per day* for power; or
2. Average number of transactions of five or more *per day*; or
3. Average number of counterparties of five or more *per day*.

Weekly indices should meet at least one of the following conditions on average for all weeks *for at least 180 continuous days out of the most recent 365 days*:

1. Average volume traded of at least 25,000 MMBtu *per day* for gas or 2,000 MWh *per day* for power; or
2. Average number of transactions of eight or more per week; or
3. Average number of counterparties of eight or more per week.

¹¹⁷ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 38.

Monthly indices should meet at least one of the following conditions on average *for at least 180 continuous days out of the most recent 365 days*:

1. Average volume traded of 25,000 MMBtu *per day* for gas or 2,000 MWh *per day* for power; or
2. Average number of transactions of ten or more per month; or
3. Average number of counterparties of ten or more per month.

2. Comments

84. Commenters generally supported the Commission's proposed revisions to the review period over which price indices at defined locations should meet the minimum level of activity. For instance, EQT notes that the proposed revisions would enhance the accuracy of the price indices referenced in Commission-jurisdictional tariffs, pricing of physical transactions, and settlement of financial hedges.¹¹⁸

85. CAISO raises several clarifying questions regarding applying the revised liquidity criteria. CAISO asks for clarification regarding how to address a scenario where a price index becomes insufficiently liquid based on the Commission's criteria, and requests that the Commission clarify that RTOs/ISOs are still obligated to comply with their tariffs, even where a price index becomes insufficiently liquid. CAISO also requests that the Commission clarify how often CAISO must evaluate its referenced price indices for liquidity (e.g., daily, annually, some other metric). Additionally, CAISO asks that the Commission clarify the meaning of "on average" in its proposed liquidity criteria and whether the term is applied to the liquidity criteria independent of its application to each criterion. Lastly, CAISO requests the Commission clarify whether CAISO must comply with the proposed liquidity criteria every time it uses an index price, or whether it may seek relief from applying those criteria where liquidity and the use of the index price is

¹¹⁸ EQT Comments at 6.

less critical, further requesting that the Commission identify cases where price indices must satisfy the liquidity criteria and other cases where price indices need not satisfy the liquidity criteria.¹¹⁹

86. EQT questions why the Commission did not consider a similar increase to the remaining liquidity criteria language laid out in the Price Index Order. As a less burdensome alternative, EQT recommends that the Commission consider requiring price index developers, upon re-approval, to meet at least two of the three liquidity metrics at each price location.¹²⁰

87. NGSA asks the Commission to apply the proposed liquidity criteria on a prospective basis, applying the criteria to future tariff filings that propose new or updated price index locations and allowing previously approved price index locations to remain in effect. NGSA explains that applying the new criteria to previously approved price index locations could inadvertently disrupt contractual arrangements based on natural gas pipeline tariffs previously approved by the Commission.¹²¹

88. Argus opposes the proposed changes and states that new liquidity criteria will likely have unintended and negative consequences and urges the Commission to leave the existing liquidity criteria intact or solicit alternative proposals. Argus cautions the Commission against increasing current liquidity criteria by expanding the time period to 180 days, contending the proposed timeframe may not be predictive of a subsequent period for which a tariff may apply. Argus also states that expanding the review period for price index locations may inadvertently reduce the number of price indices that

¹¹⁹ CAISO Comments at 3-4.

¹²⁰ EQT Comments at 6-7.

¹²¹ NGSA Comments at 8-9.

qualify for use in Commission-jurisdictional tariffs, resulting in only a core group of very liquid hubs meeting the proposed liquidity standards.¹²²

89. If the Commission adopts the 180-day proposal, Argus recommends that the Commission revisit and reconsider the specific information to accompany market assessments for locations possibly rendered less liquid by the 180-day change. Argus asserts that customers and market participants that do business at less-liquid locations may wish to have more detail about assessment methodologies on each instance of publication. Argus also states that it is prepared to provide such relevant data.¹²³

90. Furthermore, Argus recommends that the Commission reconsider applying the liquidity standards to daily electric price indices. Argus elaborates that daily electric price indices are most predominantly used in the Western Electricity Coordinating Council, where power is traded in standard packages of 25 MWh for each peak or off-peak hour, smaller than the standard package for the remainder of the country. Argus states that in order to meet the 2,000 MWh per day volume criteria of the liquidity standards, an index would need either five trades during each of the 16 peak hours or 10 trades during each of the eight off-peak hours. Argus adds that it does not believe the Commission wants to inject a lack of clarity and encourages further discussion of the application of the liquidity standards to electricity.¹²⁴

¹²² Argus Comments at 7-8.

¹²³ *Id.* at 8.

¹²⁴ *Id.* at 7, 9.

3. Commission Determination

91. In the Proposed Revised Policy Statement, the Commission stated generally that the proposed modifications would apply solely to natural gas price indices.¹²⁵ We recognize, however, that the proposed modifications to the liquidity standards would have, by their terms, applied to both natural gas and electric price indices (by referencing both MMBtu and MWh). Consistent with the Commission's earlier general statement, we adopt the proposed liquidity standards only for natural gas price indices. As noted below, Commission staff will continue to review potential reforms related to electric price index standards, including for the liquidity standards.

92. Accordingly, we adopt the revised liquidity standards for natural gas price indices as follows: (revised language shown in italics):

Daily *natural gas price* indices should meet at least one of the following conditions, on average, for all non-holiday weekdays *for at least 180 continuous days out of the most recent 365 days*:

1. Average volume traded of at least 25,000 million Btu (MMBtu) *per day*; or
2. Average number of transactions of five or more *per day*; or
3. Average number of counterparties of five or more *per day*.

Weekly *natural gas price* indices should meet at least one of the following conditions on average for all weeks *for at least 180 continuous days out of the most recent 365 days*:

4. Average volume traded of at least 25,000 MMBtu *per day*; or
5. Average number of transactions of eight or more per week; or
6. Average number of counterparties of eight or more per week.

Monthly *natural gas price* indices should meet at least one of the following conditions on average *for at least 180 continuous days out of the most recent 365 days*:

¹²⁵ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 40.

4. Average volume traded of 25,000 MMBtu *per day*; or
5. Average number of transactions of ten or more per month; or
6. Average number of counterparties of ten or more per month.

93. We clarify that a natural gas price index must meet at least one particular criterion for 180 continuous days and that alternating between multiple criteria in the 180-day time period is not sufficient to meet the index liquidity standard. The liquidity standards for electric price indices remain unchanged.

94. These revisions to the liquidity standards for natural gas indices are based on changes in natural gas markets. We find that shifts in regional production and market demand areas have resulted in changes in the liquidity of natural gas price index hubs across the United States. For example, although the Houston Ship Channel natural gas trading hub in South Texas historically was considered to be liquid with nearly 100 deals/day in 2008, liquidity has since fallen significantly. In 2021, the hub averaged 6 deals/day and on certain days did not have any transactions. In light of the dynamic and seasonal nature of natural gas trading, some natural gas price indices may not provide a reasonable representation of natural gas costs consistently enough to be included within Commission-jurisdictional tariffs. Further, we find that additional clarity would help to ensure applicants' approach to assessing liquidity is reflective of the most recent market activity. Additionally, we conclude that expanding the review period will ensure that natural gas price indices referenced in Commission-jurisdictional tariffs are sufficiently liquid, ultimately benefiting customers who are subject to the tariff provisions.

95. In response to EQT's concerns, we reiterate that applicants must present data that demonstrate a price index at a defined location meets a single liquidity criterion for 180 continuous days. EQT suggests that the Commission should have strengthened each of

the three criteria or required a price index to meet at least two of the three criteria at each price location.¹²⁶ Consistent with the *Price Index Order*, we find that a price index is sufficiently liquid if it meets one of the three criteria based on transaction volumes, number of transactions, or number of counterparties. We do not adopt EQT's recommendation to require price indices to meet multiple criteria as we find that such additional requirement would unnecessarily limit flexibility. We find that the modifications to the review period outlined in the *Proposed Revised Policy Statement* provide clarity and ensure that natural gas price indices referenced in Commission-jurisdictional tariffs are sufficiently liquid.

96. In response to the concerns of NGSA and CAISO, we reiterate that the liquidity standards apply to price indices when proposed in a tariff. We clarify that Commission-regulated entities will not be required to evaluate the price indices currently referenced in their tariffs to ascertain whether they meet the new criteria set forth above. Nonetheless, we encourage entities to periodically reevaluate their tariffs to ensure that referenced price indices have maintained adequate liquidity. If an entity wishes to revise a price index referenced in its Commission-jurisdictional tariff, it must file a proposed tariff revision with the Commission and provide supporting information that the new price index meets the established liquidity criteria. Other than the revisions adopted here, the underlying criteria remain unchanged from the *Price Index Order*. Also, consistent with the *Price Index Order*, the changes made herein will be applied on a prospective basis from the effective date of this Revised Policy Statement.

¹²⁶ EQT Comments at 6-7.

97. We disagree with Argus¹²⁷ that adopting the proposed liquidity standards would create a significant burden for jurisdictional entities with unintended and negative consequences. Rather, the changes to the liquidity standards encourage use of sufficiently liquid natural gas price indices and ensure that proposed tariff changes are held to consistent standards. Consistent with the Price Index Order, applicants still have flexibility to submit any price index for use in a Commission-jurisdictional tariff, as long as they provide relevant data demonstrating liquidity based on one of the defined criteria (i.e., transaction volumes, number of transactions, or number of counterparties). While Argus is correct in stating that a particular 180-day period may not be predictive of a future time period, we do not find this a convincing argument against the changes proposed to the liquidity standards for natural gas price indices. Using a specified time period to measure liquidity establishes a baseline and ensures consistent treatment for price indices. Argus also suggests that the Commission's adoption of the proposed changes should be conditioned on the reevaluation of other factors and the solicitation of alternatives; however, we are not persuaded that such a broader inquiry is warranted at this time given the limited changes to the liquidity standards.

G. Additional Policy Changes to Electric Indices and Electric Price Index Developers

98. The modifications in the Proposed Revised Policy Statement apply solely to natural gas price indices and natural gas price index developers.¹²⁸ The Commission stated that staff would conduct outreach to explore the need for, and scope of, any

¹²⁷ We do not address Argus's arguments against the application of the proposed revisions to the liquidity standards to electric price indices, Argus Comments at 9, because we are not applying those proposed revisions to electric price indices.

¹²⁸ Proposed Revised Policy Statement, 173 FERC ¶ 61,237 at P 40.

potential policy updates for the electric industry.¹²⁹ We decline to update our policy for electric price indices in response to the comments submitted by Argus, EPSA and Platts.¹³⁰ Nonetheless, we continue to consider the need for, and scope of, any potential modifications to the price index policy for the electric industry.

H. Other Issues Raised By Commenters

1. Comments

99. Several commenters raised issues that were not specific to proposals in the Proposed Revised Policy Statement.

100. APGA expresses concerns regarding Operational Flow Order penalties during extreme events such as the February 2021 winter storm. APGA argues that the Commission should further examine this issue in the Commission's review of the market events that occurred as a result of that February 2021 winter storm.¹³¹ APGA also recommends the Commission include periodic reports on price index liquidity trends in its State of the Markets report. APGA specifically requests the Commission provide more transparency on the types of entities that are price reporting.¹³²

101. Platts believes that price reporting and the underlying methodology should evolve and incorporate changing markets and trading dynamics. Platts urges the Commission to explore "other ways" to include "all relevant trade information into indices, such as

¹²⁹ *Id.*

¹³⁰ Argus Comments at 9-10; EPSA Comments at 3; Platts Reply Comments at 2-3.

¹³¹ APGA Comments at 8-9.

¹³² *Id.* at 11.

including daily basis trades.”¹³³ Platts cites the increase in liquidity at the Florida city-gates due to their inclusion of “daily basis trades” at the hub¹³⁴ but did not further elaborate in its comments on how to include additional trade information into price indices.

102. AFPA/PGC argue the proposals in the Proposed Revised Policy Statement do not address the shrinking number of price indices that exist today. AFPA/PGC further state that the ability of one or two price index developers to exert market power over the price of their subscriptions undermines the Commission’s efforts to increase reporting to price index developers because market participants cannot afford price index developer subscriptions. Accordingly, AFPA/PGC suggest that the Commission include subscription cost in the accessibility standard for price indices, stating that this revision is appropriate given the goal of the Commission’s fifth standard, the accessibility standard, to ensure that all interested customers have reasonable access to published price indices on a timely basis.¹³⁵

103. AFPA/PGC suggests the Commission should consider whether the number of remaining price index developers is sufficient to ensure that price index developers, as a whole, meet the accessibility standard.¹³⁶ Further, AFPA/PGC request the Commission consider establishing a minimum threshold number of price index developers needed for

¹³³ Platts Comments at 4.

¹³⁴ *Id.*

¹³⁵ *See* AFPA/PGC Comments at 7.

¹³⁶ AFPA/PGC Comments at 7.

adequate competition, triggering an investigation of the competition in the price index developer market.¹³⁷

104. AFPA/PGC also suggest that the Commission should consider investigating the creation of a non-profit or government-maintained source of trade data, further noting that the agency that oversees the trade data could “establish a fee to recover the cost of providing this service that would likely be more feasible for market participants than attempting to maintain subscriptions to the for-profit indices.”¹³⁸

2. Commission Determination

105. The Proposed Revised Policy Statement did not propose reforms related to these issues. Therefore, we decline to address them here.

I. Safe Harbor Policy for Data Providers to Price Index Developers Notice of Proposed Rulemaking

106. Concurrent with issuing the Proposed Revised Policy Statement, the Commission also issued the *Safe Harbor Policy for Data Providers to Price Index Developers Notice of Proposed Rulemaking*.¹³⁹ The Commission proposed to amend the Commission’s regulations to codify the Safe Harbor Policy established in the Commission’s *Policy Statement*. Although the Commission is not acting on the notice of proposed rulemaking at this time, the Safe Harbor Policy in the Commission’s Initial Policy Statement remains in effect.

¹³⁷ *Id.* at 6-7.

¹³⁸ *Id.* at 5-6.

¹³⁹ 173 FERC ¶ 61,238 (2020).

III. Information Collection Statement

107. The Paperwork Reduction Act (PRA) requires each federal agency to seek and obtain the Office of Management and Budget's (OMB) approval before undertaking a collection of information (including reporting, record keeping, and public disclosure requirements) directed to ten or more persons or contained in a rule of general applicability. OMB regulations require approval of certain information collection requirements (including deletion, revision, or implementation of new requirements).

Upon approval of a collection of information, OMB will assign an OMB control number and an expiration date. Respondents subject to the filing requirements will not be penalized for failing to respond to the collection of information unless the collection of information displays a valid OMB control number.

108. The Commission solicits comments from the public on the Commission's need for this information, whether the information will have practical utility, the accuracy of the burden estimates, ways to enhance the quality, utility and clarity of the information collected or retained, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques. Specifically, the Commission asks that any revised burden or cost estimates submitted by commenters be supported by sufficient detail to understand how the estimates are generated.

109. This revised policy statement will affect the existing data collection: FERC-549, NGPA Title III Transactions and NGA Blanket Certificate Transactions and FERC-552, Annual Report of Natural Gas Transactions.

110. Estimates of the PRA-related burden and cost¹⁴⁰ follow. The following table summarizes the estimated increases and decreases in burden due to the proposed policy changes above.

¹⁴⁰ The Commission staff estimates that industry is similarly situated in terms of hourly cost (for wages plus benefits). Based on the Commission's Fiscal Year (FY) 2021 average cost of \$180,703/year (for wages plus benefits, for one full-time employee), \$87.00/hour is used.

Modifications Due to the Revised Policy Statement in Docket No. PL20-3					
	No. of Respondents (1)	Annual No. of Responses Per Respondent (2)	Total No. of Responses (1)*(2)=(3)	Average Burden (Hrs.) & Cost (\$) Per Response (4)	Total Annual Burden Hrs. & Total Annual Cost (\$) (3)*(4)=(5)
Burden Reductions¹⁴¹ to FERC-549					
Data Providers—perform biennial self-audit (not annual)	125	.5	62.5	80 hrs.; \$6,960	5,000 hrs.; \$435,000
Data Providers—provide month-ahead (not day-ahead on a daily basis) ¹⁴²	11	249 ¹⁴³	2,739	4 hrs.; \$348	10,956 hrs.; \$953,712
Reductions to FERC-549					15,956 hrs.; \$1,388,172
Burden Increases to FERC-549					
Price Index Developers—re-certify every 7 yrs.	6	0.14	0.84	320 hrs.; \$27,840	268.8 hrs.; \$23,385.6

¹⁴¹ The burden reductions are provided for information and comment. To be conservative, the Commission may not remove the hours from its information collection estimates in the OMB-approved inventory.

¹⁴² Commission staff assumes respondents with 2020 estimated volumes of next-month and physical basis transactions reported to price index developers that exceeded two thirds of their total estimated volumes reported to price index developers will no longer report their next-day transactions to price index developers.

¹⁴³ We are allowing companies to report just monthly, instead of monthly and daily. The figure (249 annual responses per respondent) relates to reporting on all non-holiday trading days.

Price Index Developers— code of conduct & confident.; & inform customers	6	1	6	80 hrs.; \$6,960	480 hrs.; \$41,760
Price Index Developers— identify assessed index price vs. calculated	6	1	6	80 hrs.; \$6,960	480 hrs.; \$41,760
Increases to FERC-549					1,228.80 hrs.; \$106,905.60
Net Total Reduction					14,727.2 hrs.; \$1,281,266.40

Form No. 552 Modifications Due to the Revised Policy Statement in Docket No. PL20-3					
	No. of Respondents (1)	Annual No. of Responses Per Respondent (2)	Total No. of Responses (1)*(2)=(3)	Average Burden (Hrs.) & Cost (\$) Per Response (4)	Total Annual Burden Hrs. & Total Annual Cost (\$) (3)*(4)=(5)
Burden Increases¹⁴⁴ to FERC-552					
Form No. 552 filers - indicate if they report their next-day and/or next-month transactions	1,163 ¹⁴⁵	1	1,163	.25 hrs.; \$21.75	290.75 hrs.; \$25,295.25
Increases to FERC-552					290.75 hrs.; \$25,295.25
Net Total Increase					290.75 hrs.; \$25,295.25

The Commission seeks comments on the burden and cost related to complying with the proposed revised policy statement.

Title: FERC-549, NGPA Title III Transactions and NGA Blanket Certificate

Transactions.

OMB Control No.: 1902-0086

Respondents: Natural Gas Data Providers (Market Participants That Report Transaction Data to Price Index Developers) and Price Index Developers.

Frequency of Responses: As discussed.

¹⁴⁴ The burden reductions are provided for information and comment. To be conservative, the Commission may not remove the hours from its information collection estimates in the OMB-approved inventory.

¹⁴⁵ Total Form No. 552 filers and their affiliates.

Title: FERC-552, Annual Report of Natural Gas Transactions

OMB Control No.: 1902-0242.

Respondents: Wholesale natural gas market participants (Market Participants That Report Transaction Data to Price Index Developers) and Price Index Developers.

Frequency of Responses: As discussed.

Necessity of the Information:

The collection of this information helps to provide accuracy and transparency to the formation of natural gas price indices.

Internal Review: These requirements conform to the Commission's goal for efficient information collection, communication, and management. The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, Attn: Ellen Brown, Office of the Executive Director, e-mail: DataClearance@ferc.gov, or phone: (202) 502-8663.

IV. Document Availability

111. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (<http://www.ferc.gov>). At this time, the Commission has suspended access to the Commission's Public Reference Room, due to the President's March 13, 2020 proclamation declaring a National Emergency concerning the Novel Coronavirus Disease (COVID-19).

112. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

113. User assistance is available for eLibrary and the Commission's website during normal business hours from FERC Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. E-mail the Public Reference Room at public.referenceroom@ferc.gov.

V. Effective Date

114. This Policy Statement will become effective on December 31, 2022.

By the Commission. Commissioner Danly is concurring with a separate statement attached.

Issued: April 21, 2022.

Debbie-Anne A. Reese,
Deputy Secretary.

Appendix A: Commenters

- 1) American Public Gas Association (APGA)
- 2) EQT Energy LLC (EQT)
- 3) S&P Global Platts (Platts)
- 4) Electric Power Supply Association (EPSA)
- 5) Energy Intelligence Group (Energy Intelligence)
- 6) American Gas Association (AGA)
- 7) Natural Gas Supply Association (NGSA)
- 8) Natural Gas Intelligence Press Inc (NGI)
- 9) Argus Media Inc. (Argus)
- 10) California Independent System Operator Corporation (CAISO)
- 11) American Forest & Paper Association and Process Gas Consumers Group (AFPA/PGC)
- 12) Edison Electric Institute (EEI)
- 13) Interstate Municipal Gas Agency (IMGA)

Appendix B: Proposed Changes to Form No. 552

To reduce the burden on natural gas data providers who choose to report their fixed-price transactions to natural gas price index developers, the *Revised Policy Statement* modifies the Commission's price index policy to allow data providers to now report their next-day or the next-month transactions, or both, to price index developers.

As a result of this policy change, a minor modification needs to be made to FERC Form No. 552, Annual Report of Natural Gas Transactions (Form No. 552) to ensure that the Commission accurately collects information from market participants who report their natural gas transactions to price index developers. On May 1 of each year, filers submit the Form No. 552 which collects aggregated physical natural gas transactional information from market participants that buy or sell more than 2.2 TBtus during the previous calendar year. Page 3 of Form No. 552 requires market participants to identify whether they report their transactions to price index developers. To account for the change in policy, the Commission modifies Form No. 552 to allow filers to identify if they report their next-day *and/or* their next-month fixed-price and physical basis transactions to price index developers. The revision to page 3 of Form No. 552 is set forth below in highlight and requires filers and their affiliates to now identify if they report their next-day (identified below as "Daily") and/or their next-month fixed-price and physical basis transactions (identified below as "Monthly") to price index developers.

Name of Respondent*	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report* (MM/DD/YYYY)	Year of Report End of
			2021

Schedule of Reporting Companies and Price Index Reporting	
<p>List the name of the Respondent, Reporting Company and any Affiliates that are included in this filing. Then answer questions (b) - (e) for each company listed. Respondent* should complete the "Purchase and Sales Information" schedule on page 4 only once for these companies collectively. *An asterisk means that the previous term is explained in more detail in the definitions.</p>	
<p>1) Did the Respondent, Reporting Company* or any Affiliates listed in column (a) report any transaction information to Price Index Publishers* during the Report Year*?</p> <p>2) If you answered yes on column (b), did the Respondent, Reporting Company* or any Affiliates comply with the regulations governing reporting to Price Index Publishers* pursuant to 18 C.F.R. § 284.403. If you answered no on column (b), the software will automatically answer Not applicable or NA in column (c).</p> <p>3) Were the Respondent, Reporting Company or the Affiliate's reportable natural gas purchases* equal to or greater than 2.2 million MMBtu for the Report Year*?</p> <p>4) Were the Respondent, Reporting Company or the Affiliate's * reportable natural gas sales* equal to or greater than 2.2 million MMBtu for the Report Year*?</p>	

Line No.	Legal Name (a)	Report Transactions? (b)		Comply with Regulations? (c)	Reportable Purchases >= 2.2 Million MMBtu (d)	Reportable Sales >= 2.2 Million MMBtu (e)
		Daily	Monthly			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Actions Regarding the Commission's Policy on Price
Index Formation and Transparency, and Indices
Referenced in Natural Gas and Electric Tariffs

Docket No. PL20-3-000

(Issued April 21, 2022)

DANLY, Commissioner, *concurring*:

1. I concur with today's order¹ adopting the revisions that the Commission proposed in December 2020 to its *Policy Statement on Natural Gas and Electric Price Indices*.² As part of its charge to ensure just and reasonable rates,³ the Commission should take actions that enhance the liquidity and transparency of the price indices that are used in jurisdictional tariffs.

2. I write separately to suggest that the Commission might have acted otherwise on its parallel proposal to codify its *Safe Harbor Policy for Data Providers to Price Index Developers* in Docket No. RM20-7-000 (Proposed Rule).⁴ Doubtless, there are good reasons for the Commission to decline to act at this time.⁵ However, the Commission offers none.

3. Initially, the Commission had found that "[b]ased on industry comments during and after the technical conference, we believe that incorporation of the Safe Harbor Policy into the Commission's regulations will provide greater certainty to market participants and will lead to increased voluntary reporting to price index developers."⁶

¹ *Actions Regarding the Commission's Policy on Price Index Formation & Transparency, & Indices Referenced in Nat. Gas & Elec. Tariffs*, 179 FERC ¶ 61,036 (2022) (Order).

² *Actions Regarding the Commission's Policy on Price Index Formation & Transparency, & Indices Referenced in Nat. Gas and Elec. Tariffs*, 173 FERC ¶ 61,237 (2020).

³ See 15 U.S.C. 717c(a); *id.* § 717t-2; see also *NAACP v. FPC*, 425 U.S. 662, 669 (1976) ("[I]t is clear that the principal purpose of [the Natural Gas Act] was to encourage the orderly development of plentiful supplies of . . . natural gas at reasonable prices.") (citations omitted).

⁴ 173 FERC ¶ 61,238 (2020).

⁵ See Order, 179 FERC ¶ 61,036 at P 106.

⁶ *Safe Harbor Policy for Data Providers to Price Index Developers*, 173 FERC ¶ 61,238 at P 12 (citations omitted).

All but one entity⁷ commenting on the Proposed Rule agreed.⁸ Though entitled to decline to take action, it would have been preferable for the Commission to have cited specific evidence and to have explained why it is now deterred from acting within our jurisdiction on a proposal that it had initially believed would improve the indices.

For these reasons, I respectfully concur.

James P. Danly
Commissioner

[FR Doc. 2022-08972 Filed: 4/27/2022 8:45 am; Publication Date: 4/28/2022]

⁷ See Public Citizen, Inc., Comments, Docket No. RM20-7-000 (filed June 1, 2021).

⁸ See, e.g., Argus Media, Inc., Comments, Docket No. RM20-7-000, at 3 (filed June 1, 2021) (“Market participants consistently have voiced concerns to Argus that federal authorities including the Commission may pursue enforcement actions because of inadvertent errors in reporting transactions to price index developers despite the existence of the Safe Harbor Policy. Inadvertent errors could still lead to costly and disruptive enforcement investigations and audits. This is made even more risky for the data provider as there are not any ‘damage caps’ for investigative costs or potential liability.”); Energy Intelligence, Comments, Docket No. PL20-3-000, at 2 (filed Mar. 23, 2021) (“Energy Intelligence views the Commission’s parallel proposal (in Docket No. RM20–7–000) to codify into its regulations the ‘Safe Harbor Policy for Data Providers’ . . . as an essential component of the effort to encourage more market participants to report their transactions to price index developers. On numerous occasions, potential data providers have expressed a reluctance to report transactions due to perceived risks associated with inadvertently reporting something in error.”).